

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6743

BILL NUMBER: HB 1199

NOTE PREPARED: Jan 6, 2008

BILL AMENDED:

SUBJECT: Formation of Townships.

FIRST AUTHOR: Rep. Stevenson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill allows a township to become part of a contiguous township within the county if the transfer is approved by a referendum within the township seeking transfer. The bill allows one or more election precincts or a municipality to become part of a contiguous township within the county if the transfer is approved by a referendum within the election precincts or municipality seeking transfer.

The bill allows one or more election precincts or a municipality to become a new township if the transfer is approved by a referendum within the election precincts or municipality seeking transfer. The bill repeals the provision imposing minimum size or valuation requirements on a newly created or altered township

Effective Date: July 1, 2008.

Explanation of State Expenditures: The bill could increase administrative costs for the Department of Local Government Finance (DLGF), which is required to determine the fund balance transfer amount and adjust, as necessary, the ad valorem tax levy of the receipt township. For newly created townships, the DLGF approves the budget, ad valorem property tax levy, and property tax rate.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary-* This bill would have indeterminate fiscal impact. The fiscal impact would depend on the efficiencies gained by transferring a township, election precinct, or municipality to a contiguous township or to a newly created township.

Background: Under the bill, a petition signed by 10% of the voters residing in the transferring township, election precinct, or municipality is submitted to the county court clerk for placement on the ballot. Once certified, the county election board places the question on the ballot in the next primary or general election. If the majority of votes cast by the voters of the transferring entity are in favor of the question, the entity becomes part of the contiguous township. A municipality or election precinct may become a new township under the same process.

The transfer would take place on the later of the date specified in the ordinance or the date the county executive files the ordinance with the circuit court clerk and the Secretary of State. An order may not take effect during the year preceding a federal decennial census.

The offices, agencies, and departments of a transferring township are to be abolished and all property, records, equipment, personnel, and contracts are to be transferred to the receiving township. The receiving township executive is to specify the township fire protection and emergency services employees who will transfer to the receiving township.

The 1937 and 1977 firefighters' pension boards of the transferring township will be dissolved and their powers, duties, and responsibilities will be assumed by the receiving township's local board. The recipient township is to levy property taxes to provide payment of pension benefits for members of the 1937 fund.

A transferring township debt service fund is to be transferred to the receiving township to pay the indebtedness of the transferring township. Any remaining balance is to be transferred to the receiving township. The balance in the transferring township's general fund and township assistance fund is also to be transferred to the receiving township.

For transfer of an election precinct or municipality or for a newly created township, any indebtedness or outstanding bonds or obligations are to be transferred to the receiving or new township in the same ratio as the assessed valuation of the property being transferred. If indebtedness or unpaid bonds or obligations are transferred, the receiving township may levy property taxes to pay the indebtedness only within the former boundaries of the election precinct or municipality.

Explanation of Local Revenues:

State Agencies Affected: Department of Local Government Finance; Office of the Secretary of State.

Local Agencies Affected: Townships; Municipalities; Circuit court clerks; County auditors.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.